

Message Text

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EXDIS

E.O. 11652: GDS

TAGS: PFOR, JO, US

SUBJECT: MAJOR CURRENT U.S.-JORDANIAN BILATERAL PROGRAM ISSUES

1. SUMMARY: EMBASSY LISTS BELOW THE MAJOR U.S.-JORDANIAN BILATERAL PROGRAM ISSUES LIKELY TO ARISE DURING SECRETARY'S FORTHCOMING VISIT TO JORDAN. EMD SUMMARY.

2. AIR DEFENSE: JORDANIANS MAY USE WELCOME PRESENCE OF FEBRUARY 7-15 AIR DEFENSE TEAM IN JORDAN TO RAISE GENERAL SUBJECT WITH SECRETARY. THEY WILL WISH TO PRESS FOR EARLY AND FAVORABLE U.S. DECISION ON RELEASABILITY AND PRICE AND AVAILABILITY OF AIR DEFENSE SYSTEMS. WHILE THEY MAY NOT MAKE UP THEIR MINDS ENTIRELY UNTIL TEAM VISIT COMPLETED, AND KING IS NOT SURE HE REALLY WANTS HAWKS, THEY PROBABLY WILL PRESS FOR FAVORABLE DECISION ON LONGSTANDING REQUEST FOR REDEYE. (WE SUGGEST THAT IF OUR PROBLEMS WITH REDEYE RELATE TO SECURITY PROTECTION FOR THIS WEAPONS SYSTEM WHICH WILL BE PROVIDED BY JORDANIANS TO AVOID LEAKAGE INTO WRONG HANDS, THAT SECRETARY BE PREPARED AT LEAST TO OFFER A REVIEW OF JORDANIAN SECURITY ARRANGEMENTS, BY A QUALIFIED MEMBER OF AIR DEFENSE TEAM, OR BY SEPARATE GROUP OF QUALIFIED EXPERTS. WE BELIEVE JORDANIANS HAVE CAPABILITY AND POLITICAL WILL TO PROTECT CAREFULLY SUCH A SYSTEM AND WOULD DO SO. SECURITY QUESTION IS A SENSITIVE ONE WITH THE KING IN PARTICULAR.) JORDANIANS WILL ALSO MENTION THEIR DESIRE FOR EARLY AVAILABILITY AND REASONABLE PRICING ON ANY U.S. AIR DEFENSE WEAPONS SYSTEMS THEY INDICATE AN INTEREST IN BUYING. OTHER PRIORITY

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ITEMS OF WEAPONS SYSTEM RELEASABILITY ARE A-4 SKYHAWK AIRCRAFT

(WE ARE PROVIDING KING A BRIEFING AS AN INTERIM STEP) AND COBRA HELICOPTERS EQUIPPED WITH TOW.

3. FOREIGN ASSISTANCE: A MAJOR QUESTION ON JORDANIANS' MINDS WILL BE MILITARY AND SUPPORTING ASSISTANCE AID LEVELS FOR FY 75 (PARTICULARLY IF APPROPRIATION BILL IS PASSED PRIOR TO VISIT) AND ADMINISTRATION'S REQUEST TO CONGRESS FOR FY 76. RECENT VISIT BY SENATOR INOUE AND HIS SYMPATHETIC RESPONSE TO JORDAN HAS FURTHER ENLIVENED INTEREST HERE IN FOREIGN AID SUBJECT. SECRETARY AND PARTY SHOULD BE PREPARED TO TELL JORDANIANS WHAT THEY CAN ABOUT CURRENT STATUS FY 75 AND 76 AID FOR JORDAN. JORDANIANS WILL OF COURSE EXPECT AT LEAST THAT CURRENT LEVELS WILL BE MAINTAINED, AND SECRETARY'S STATEMENT TO THAT EFFECT WILL BE VERY HELPFUL. THEY MAY PRESS FOR INCREASES, AS RIFAI DID FOR BUDGET SUPPORT AND DEVELOPMENT AID DURING PARKER VISIT. HE WAS LEFT WITH GENERAL IMPRESSION THAT FOR FY 76 WE WOULD BE REQUESTING ABOUT THE SAME LEVELS FOR JORDAN AS WE DID IN FY 75. IF THERE ARE CUTS IN FY 75 APPROPRIATIONS, WE CAN EXPECT PRESSURE FOR SOME MAKE-UP OF THESE LOSSES IN FY 76. EVEN IF THERE ARE NOT, RIFAI MAY FEEL IMPELLED TO TALK ABOUT INCREASES. NEVERTHELESS, WE FEEL JORDANIANS WILL BE SATISFIED WITH SAME AMOUNTS IN MAJOR CATEGORIES NEXT YEAR AS THEY WERE TOLD WE WOULD REQUEST LAST YEAR. FINALLY, RIFAI MAY ALSO NOTE THE FACT, AS HE DID DURING THE PARKER VISIT, THAT WE HAVE ALSO TOLD HIM WE WOULD DO OUR BEST TO FIND ANOTHER \$10 MILLION IN BUDGET SUPPORT TO MEET A SHORTFALL FROM FY 74. OUR RECOMMENDATION WOULD BE TO TELL RIFAI THAT THE CHANCES ARE VERY SLIM, GIVEN THE EXPECTED CUTS IN FY 75 FUNDS AND THE PRESSURES ON THE U.S. ECONOMY, THAT WE CAN FIND THAT MONEY. (JORDAN HAS BENEFITTED GREATLY FROM UNEXPECTED ARAB OIL STATE SUPPORT.)

4. PL-480: GOJ HAS REQUESTED 60,000-80,000 TONS OF WHEAT UNDER TITLE I PL-480 DURING THE REMAINDER OF FY 75 IN ADDITION TO 20,000 TONS COVERED BY AGREEMENT SIGNED IN NOVEMBER 1974. THE EMBASSY HAS RECOMMENDED WASHINGTON APPROVAL OF 20,000 TONS FOR THIRD QUARTER TO BE FOLLOWED BY NEW ASSESSMENT OF NEED AROUND MARCH 1. JORDANIANS CAN BE EXPECTED TO RAISE THEIR REQUEST FOR ADDITIONAL WHEAT WITH THE SECRETARY. IF NOT FEASIBLE TO GIVE FIRM ANSWER, WE SUGGEST AT LEAST PROVIDING SECRET

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STATUS REPORT ON PROBLEM, SINCE JORDANIANS UNDERSTAND WHEAT NOW RELATIVELY MORE ABUNDANT IN VIEW OF EXPECTED U.S. AGRICULTURAL PRODUCTION, AND REDUCTION IN SALES TO PRC AND USSR.

5. SUPPORTING ASSISTANCE - BUDGET SUPPORT: U.S. HAS THUS FAR DEPOSITED \$45 MILLION IN BUDGET SUPPORT FROM FY 75 FUNDS. CONGRESSIONAL PRESENTATION INCLUDED \$67.5 MILLION IN BUDGET SUPPORT FOR JORDAN PLUS \$10 MILLION IN SUPPORTING

ASSISTANCE-FUNDED DEVELOPMENT LOANS. JORDANIANS HAVE REQUESTED THAT FOLLOWING COMPLETION OF CONGRESSIONAL ACTION ON FOREIGN ASSISTANCE ACT, WHATEVER AMOUNT IS AVAILABLE UNDER FY-75 APPROPRIATIONS BE DEPOSITED IN ONE PAYMENT. ASSUMING FULL CONGRESSIONAL APPROPRIATIONS, THIS WOULD MEAN ONE MORE DEPOSIT OF \$22 MILLION IN FY-75 FOR BUDGET SUPPORT PLUS IDENTIFICATION OF \$10 MILLION IN FUNDABLE JORDANIAN DEVELOPMENT PROJECTS. WE SUGGEST GIVING JORDANIANS A STATUS REPORT AND A GENERAL REPLY INDICATING WE WILL DO OUR BEST TO OBTAIN FULLEST POSSIBLE FUNDING.

6. TAPLINE DISPUTE: PM RIFAI COULD CONCEIVABLY RAISE THIS MATTER WITH SECRETARY (AMMAN 794 AND 619), SINCE HE IS PERSONALLY INVOLVED IN NEW DISPUTE WITH TAPLINE/ARAMCO OVER PAST AND FUTURE PRICE OF OIL FOR JORDAN. WHILE WE NOT ABLE TO JUDGE LEGAL AND EQUITY MERITS OF CASE, TAPLINE HAS TURNED DOWN JORDANIAN OFFER OF \$10 MILLION ON ACCOUNT AND CONCURRENT PURSUIT OF EFFORT TO NEGOTIATE ON PAST AND FUTURE PRICES. (TAPLINE IS ASKING \$50 MILLION SETTLEMENT FOR PAST BILL AND IS ASKING FOR FUTURE PRICE OF \$11.75 PER BARREL, AS OPPOSED TO \$2.00 PER BARREL JORDAN IS NOW PAYING.) ARAMCO'S BASIC POSITION IS THAT IT MUST OBTAIN FROM JORDAN WHATEVER AMOUNT SAUDIS TAKE IN TAXES. MOST URGENT PROBLEM IS THAT, UNTIL DISPUTE SETTLED, TAPLINE UNWILLING TO MEET JORDANIAN REQUEST FOR INCREASE OVER PRESENT DELIVERIES TO MEET ADDITIONAL JORDANIAN REQUIREMENTS. RIFAI HAS NOTED UNFORTUNATE CONJUNCTION IN TIMING WITH SECRETARY'S VISIT TO AREA AND U.S. COMPANY'S PUTTING JORDAN'S OIL NEEDS IN SOME JEOPARDY AND ASKED IF WE CAN DO ANYTHING TO GET SITUATION OFF DEAD-CENTER. HE HAS INDICATED HE WANTS TO MEET SAUDIS BUT UNABLE TO ARRANGE HIGH LEVEL CONTACT UNTIL END OF FEBRUARY. WE CERTAINLY DO NOT RECOMMEND SECRETARY RAISE SUBJECT. IF RIFAI RAISES IT, SISCO OR ATHERTON MAY

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WISH TO CONSIDER OFFERING TO MENTION IT TO SAUDIS FOLLOWING JORDANIAN VISIT, WITH LIMITED OBJECT OF FACILITATING A GOJ CONTACT WITH SAUDIS ON SUBJECT AND MAKING THEM AWARE OF OUR INTEREST.
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